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SPECIAL ANALYSIS

YUGOSLAVIA: Leadership Faces Growing Problems

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*The transition to a collective leadership since the death of President Tito in May 1980 has gone fairly smoothly, and there are no serious efforts to scrap the consensus-seeking mechanism or the rotation of the party presidency each year. The leadership, however, is preoccupied with a growing list of serious domestic political and economic problems which it has yet to deal with effectively. Yugoslavia's fragile multinational system is not in immediate danger of falling apart, but Tito's political heirs will have to develop new approaches if the system is to survive.* [REDACTED]

Chief among the current problems is the aftermath of the bloody riots by ethnic Albanians in Kosovo Province last spring. Despite the assignment of 8,000 federal troops and police to the region, resistance to Belgrade's efforts at "normalization" continues--including sporadic attempts to organize demonstrations and outbreaks of armed opposition. There is a growing sense of alienation among the 1.5 million ethnic Albanians in Yugoslavia, and leaders in Belgrade privately forecast that it will take at least a decade for the problem to subside. [REDACTED]

Unless Belgrade changes its repressive policy toward Kosovo, the problem there will get worse. The federal authorities' failure to bring this province--the poorest region in Yugoslavia--to parity with the average development nationwide, as it promised to do, is still a serious underlying cause of disaffection. [REDACTED]

With the national economy going through hard times, there appears to be little chance for substantial new aid. Moreover, heightened tension between the Slavs in Serbia, Montenegro, and Macedonia and the non-Slav Albanians creates an atmosphere in which conciliatory moves make little impact. [REDACTED]

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Albanian demands for republic status were immediately dismissed as "counterrevolutionary" by the federal authorities and have led to a dispute over the relationship between the constituent parts of the federal state. Kosovo's parent republic, Serbia, has attempted to reclaim constitutional authority over both Kosovo and its other autonomous province, Vojvodina.

Non-Serbs see the move by the Serbian government as a threat to the agreements by which Tito balanced and placated the diverse regional and ethnic interests within Yugoslavia. They are raising the specter of resurgent Serbian nationalism, while the Serbs respond bitterly about a conspiracy against their "legitimate interests."

#### Problems in the Party

Orthodox Marxists are charging that the Kosovo problem would not have occurred if the party organization in Kosovo had not been allowed to adopt an "autonomous" posture toward the party center. One of their goals in their campaign for recentralization within the party is to end demands by liberal leaders, who have become more vocal since Tito's death, for open dialogues on policy issues and for more tolerance of dissent.

Improving the effectiveness of the collective leadership structure is becoming another troublesome issue for the party. There is criticism even within the 22-member party presidency of its disorganized approach to some problems.

Before the events in Kosovo, the 12th Party Congress scheduled for next June was to be a "congress of continuity." This characterization could still be appropriate for personnel policy, because the party leaders appear reluctant to make substantial personnel changes lest individuals in the collective leadership begin challenging one another's status.

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Most importantly, Croatia's elder statesman, Vladimir Bakaric, has been in poor health since last spring and must be replaced. A longtime confidant of Tito, Bakaric was looked upon as a stabilizing and moderating influence when Tito died, but his poor health has limited him to a minor role. With Bakaric ailing, other Croat leaders have begun a crackdown on dissidents and a vitriolic campaign against the Catholic Church.

#### Economic Problems

Yugoslavia's longstanding decentralized economic system has impeded both Belgrade's attempts to control inflation--running at 50 percent this year--and efforts to expand exports to hard currency markets. Although even some former advocates of the decentralization policy now argue that federal-level economic powers are inadequate, it is difficult to limit the authority of regional economic interests.

Periodic shortages of imported industrial goods and consumer items, scandals over corruption, and a declining standard of living, moreover, are affecting popular morale. The party has been ineffectual in coping with economic difficulties, but it is keenly aware of what is happening in Poland. In the early debates anticipating the congress next June, party leaders are trying to strengthen their credibility with the public.

#### Foreign Policy

In part because domestic problems are so abundant, foreign policy issues are provoking little debate. The collective leadership regularly reasserts its commitments to traditional nonaligned positions. Budget cutbacks, however, have diminished the level of pomp and ceremony in Belgrade's wide-ranging relations with Third World countries.

Although Yugoslavia remains active in the Nonaligned Movement, top leaders acknowledge that the loss of Tito

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has had a "natural" effect in diminishing Yugoslav influence within the NAM. Belgrade also is worried over the deterioration of detente and possible foreign meddling in Yugoslavia as an outgrowth of great power rivalry. [REDACTED]

Relations with Moscow since Tito's death have been chilly, in large part because of Belgrade's strong disagreements with the Soviets over Afghanistan, Cambodia, and Poland. Yugoslav distrust of the Soviets has been emphasized in the media, prompting the USSR to protest. [REDACTED]

The Soviets, however, are importing more each year of those Yugoslav goods which are not competitive in the world market. This increasing tie has led several top Yugoslav leaders to warn against the possibility of long-term economic dependence on the USSR and the Council of Mutual Economic Assistance. [REDACTED]